

many, one. I am reminded that when events like this occur, the many show up and become one. They risk their own lives to save others. This is a tremendous act of selflessness and I applaud the heroes fighting to save our fellow Oregonians.

I thank our Federal responders, and I urge a disaster declaration as soon as possible. In the Northwest, we have natural disasters ranging from earthquakes to volcanoes. And there are storms that barrel in off the Pacific which can do an unbelievable amount of damage. They cause landslides, tear the roofs off our homes, and swell our rivers to record-breaking levels. Near the town of Tillamook, a river rose literally 20.5 feet within just a few hours, sweeping away livestock, homes, and tragically, unsuspecting residents. But the response from all types of government and nongovernment organizations, including the Red Cross, has been magnificent.

Many church communities are coming to the rescue. Communications have been lost. Amateur radio operators have filled the airwaves, connecting rescuers to those in need of rescue. We thank them and pledge that—as united Oregon Senators—we will do whatever we can for the sake of our State. We thank the Federal Government for their swift response and again urge an immediate disaster declaration to strengthen our ability to heal the psychological and physical wound left by this storm. We will begin to repair the damage that has afflicted so many counties in Oregon.

I assure the people of our State that we in the Federal Government will do our part. We will stay on this job until it is done and until Oregon has fully recovered.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Jersey is recognized.

MEASURE PLACED ON THE CALENDAR—S. 2416

Mr. MENENDEZ. Mr. President, I understand that S. 2416 is at the desk and due for a second reading.

The PRESIDING OFFICER. The clerk will report the bill by title.

The assistant legislative clerk read as follows:

A bill (S. 2416) to amend the Internal Revenue Code of 1986 to repeal the alternative minimum tax on individuals and replace it with an alternative tax individuals may choose.

Mr. MENENDEZ. Mr. President, I object to any further proceedings with respect to the bill.

The PRESIDING OFFICER. Objection is heard. The legislation will be placed on the calendar.

The Senator from New Jersey is recognized.

MORTGAGE CRISIS

Mr. MENENDEZ. Mr. President, today I rise on behalf of more than

130,000 New Jersey homeowners who have a subprime mortgage. I rise on behalf of the 7 million American homeowners with a subprime mortgage, and I rise on behalf of the more than 2 million Americans who are or may be facing foreclosure in the coming year. This is a national crisis and certainly the time to respond is now.

Families across this country are having their homes ripped from their grasp, and there is no end in sight. Some have been saying that the storm is over and others have been sitting silently as the black clouds roll by, but the reality is this storm is going to get worse. More families are going to be facing foreclosure, more homes are going to be lost, and more damage is going to be done to our economy unless we act. There is no point in letting an invisible hand guide this destruction. If we have any sense of human compassion, we will help these families.

Many families are in trouble because they got a deal they didn't understand, a loan they couldn't afford, and now their adjustable rate mortgages are resetting. But these families are only the beginning. The storm is only going to get worse. Many of the adjustable rate mortgages that were made in 2006 will explode with higher interest rates sometime in 2008. Another type of adjustable rate mortgages, known as payment option, is set to explode after that.

Already, foreclosure rates have doubled and tripled in many areas. Hundreds of thousands of families are already losing their homes. Over the next year, absent strong action, the wave will build into a mortgage tsunami.

Not only will families lose their homes, often the largest asset they have, but the ripple effects will devastate neighborhoods and the broader economy.

If we do not act now to help those families, the effects will be catastrophic. We can see the storm coming. We know the damage it will cause. So we had better reinforce our levies. In Congress, we should be working to help hundreds of thousands of homeowners modify their mortgages to avoid foreclosure. We should be working to pass a bill that will help homeowners modify their loan, for example, in a bankruptcy proceeding. We must pass, over Republican objections that we have had, legislation to modernize the Federal Housing Administration.

But this is the beginning. Banks and lenders, without the prodding of Congress, should be reaching out to help those troubled homeowners renegotiate their loan terms. This is not a suggestion, this is an expectation. President Bush is announcing today his plan to address this crisis. He has reached an agreement with major mortgage firms to freeze interest rates for 5 years for financially troubled homeowners.

While I applaud the President for taking a step in the right direction, the plan simply does not seem to go far enough. It seems to operate under the

assumption we only have to do what is minimally necessary. Depending on the details of this plan, on how they determine who is eligible, many homeowners may be left out in the cold. A strictly narrow approach will keep relief out of reach for many who need it.

I am concerned about the family next in line when they close the door on eligibility. I am concerned about the millions of Americans who cannot pay their bills, and I am concerned President Bush's plan will only help a fraction of the families at risk.

Hard-working families are at a crisis in America, and in a time of crisis they expect strong and bold leadership to help them through. We need to provide that leadership. Congress, the administration, and the industry all have key roles to play to help those families.

But what about the families who have yet to sign that stack of papers to get their future mortgage loan? What about when my son or daughter or yours buys their first home? What about the homeowner who needs to refinance out of an unsustainable mortgage? In order to protect those families, we need to make sure we stop predatory lending before it starts.

As a member of the Senate Banking Committee, I have repeatedly said that in order to prevent the mortgage crisis from happening again, we need to find the root of the problem and fix it. That requires all parties—all parties—to step to the plate and admit where they went wrong.

A "not me" attitude will simply not work. Everybody who was responsible must be held accountable. I am proud to be working with Chairman DODD on a bill that will hold all parties accountable.

Now, when I considered what I hoped to see in a final bill, I looked at all of those responsible parties, from the regulators, to the lenders, to the brokers and beyond. But one particular piece concerned me; that is, the secondary market. In order to understand what I am talking about, I think it might help to step back for a moment and walk through the life of a subprime loan.

A consumer decides to seek a loan to purchase a home or refinance an existing mortgage or, more likely, a broker or lender approaches a consumer about a new loan. As soon as the loan settles, the broker gets a commission from both the consumer and the lender.

Now, here is where the secondary market comes in. Within 90 days after that consumer signs those settlement papers, the lender sells the loan to that secondary market, essentially selling the loan to Wall Street. That lender then washes its hands of the loan, but keeps the fees, regardless of what happens later on.

Once in the secondary market, the loan is bundled with thousands of other loans into what we call a mortgage-backed security. This bundle of loans then passes through one or more corporate entities on its way to the trust where it will reside.

The trust is usually a private company with an investing firm. The trust then slices those bundles of loans into different categories called tranches, and investors purchase security interests in the tranches.

The trust is considered the owner of the loan, and the investors are represented by a trustee who acts on behalf of the trust. A servicer, possibly the original lender, possibly another company, services the loan on behalf of the trust, meaning they collect and remit payments, monitor the accounts, and provide monthly reports to the trustees.

Because the servicer is the only one in direct contact with the homeowner, most homeowners think the servicer is actually the owner of their loan. If the home goes into foreclosure, it is the trust that forecloses. But for the homeowner, they may not know who is foreclosing on them.

Even if a homeowner had a predatory loan and has a good argument against foreclosure, if that homeowner cannot identify the owner of the loan and hold them liable, they cannot save their home. That is the life of a loan. It is no wonder it is a process few understand. Essentially, the loan is a hot potato. It gets tossed from the broker to the lender to the trustee. Along the way each one wipes their hands of responsibility after they send the loan on down the chain. When a bad deal is made, each one points the finger at the previous owner.

Well, it is time to stop passing the buck. For me, that buck must stop with Wall Street. We cannot allow Wall Street to purchase loans without scrutinizing the details of that loan. If the trustee had to make sure each loan was a good loan, that it meets specific standards and practices, and the lender had to make sure it was a good loan, the brokers would have to stop making bad loans because they would not be able to sell them if they did.

That is why I support a strong liability standard. If a loan is made illegally or contains illegal terms, the homeowner should be able to sue the owner of their loan. Otherwise, whom do they hold accountable? Their broker and lender could both be long gone. Nearly 100 subprime lenders have gone out of business in the last year alone, and then where does the borrower go for protection? They have to be able to reach the holder of the loan.

Without assignee liability, a subprime bill has no teeth. Yes, of course, we need stronger broker and lender standards, but we also need a standard for Wall Street.

Let me be clear. I am not talking about holding specific investors accountable who act much like shareholders in a public company. They would see a reduction in the value of their stock if the company experienced financial losses but would not be personally responsible for those losses. I am talking about the trusts, the company who owns the loan. That is who must be liable.

This is not a popular provision I am calling for, but I think it is the right thing to do. We are in a crisis in America. It is going to take bold decisions to get the system back on track.

These are not kinks that are going to work themselves out. We have seen that the industry is not going to police itself. Voluntarily changes are needed, but the bottom line is, without accountability, we are not going to see responsible behavior.

As I said at the opening of these remarks, I am standing today for the American homeowner. If we want to prevent a similar problem from happening again in 5 or 10 years' time, our final subprime bill must hold Wall Street accountable.

There are steps we must take today in order to help tomorrow's homeowners. We cannot kick the can down the road. Let's make sure our homeowners get fair, sustainable mortgages and that future homeowners are not caught in a future subprime storm. Enough is enough. It is time for real changes.

I have enjoyed working with Chairman DODD on this issue over the past few months. I look forward, under his leadership, to passing a strong subprime lending bill to help millions of American families.

I yield the floor.

The PRESIDING OFFICER. The Senator from Wyoming.

ABANDONED MINE LANDS PROGRAM

Mr. BARRASSO. Mr. President, I rise today in anger, in disbelief, and in disgust over the bureaucratic inner workings of Washington. There is a program called the Abandoned Mine Lands Program. It was created as a Federal-State partnership. The Federal Government collects the money and then it is designed to return half to the States.

Over many years, administrations of both parties have failed to honor the Federal Government's responsibility and commitment to the States and to the tribes. I recently learned the Office of Surface Mining has decided to delay and withhold \$600 million in funding owed to the people of Wyoming and to deny hundreds of millions of dollars more owed to States nationwide.

They have used an internal policy memo to manipulate the law. Doing so is nothing short of outrageous. This most recent decision reeks of bureaucratic doublespeak, and it does it to achieve an outcome I believe was predetermined. I cannot attempt to explain their decision or their reasoning because the decision, to me, was already predetermined.

This action represents a sad example of why so many Americans, and why my constituents back home in Wyoming, have lost faith in Washington. The words of the Washington bureaucrats ring hollow. I am, frankly, amazed, amazed the bureaucrats can take the clear language, the language

from this body that says: Payments shall be made in seven equal installments. And then they twist those words into a grant program requiring review and making an application. Their interpretation is inconsistent with the law that was debated by this body last year and signed by the President.

Their interpretation is nothing less than nonsense and obstructive. This summer, 17 days after I was sworn into the Senate, I opposed the nomination of the Director of the Office of Surface Mining in the Energy Committee over this very issue.

I asked specific questions and did not get specific answers. Now this. I take our legislative oversight responsibilities very seriously. I pledge to you, I pledge to the people of Wyoming, and I pledge to the people of the other States and the other tribes to whom Washington owes money that I will explore every avenue, every avenue available, to right this wrong.

Let's be clear: This money is not Washington's money. This money belongs to the States and to the people. It does not belong to Washington. It does certainly not belong to Washington's evasive bureaucracy.

I yield the floor and note the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. SCHUMER. I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBPRIME MORTGAGE CRISIS

Mr. SCHUMER. Mr. President, for months since the writing has been on the wall about the depth and magnitude of the subprime loan crisis, I have said time and time again that the Bush administration needs to take off its ideological handcuffs and act quickly to prevent millions of families from losing their homes. To the credit of Treasury Secretary Paulson, he seems to have loosened the administration's ideological handcuffs when it comes to the subprime mortgage crisis. But the burning question is whether this administration's plan, announced today, will go far enough in helping families in need, particularly when it is being announced at the exact same time Republicans in Congress are blocking critical commonsense help targeted toward these same borrowers. The President and Secretary Paulson say they are for FHA reform. Yet, a half hour ago, when Senator REID asked for it to come to the floor, Republican colleagues blocked the bill. Has the White House stopped sending memos to the Republicans in the House and the Senate? What is going on here?

While I agree with Secretary Paulson that wide-scale loan modifications are key in helping prevent the foreclosure